Proposal for legislation on agricultural debt relief

2996. SHRI KAHNU CHARAN LENKA: Will the Minister of FINANCE be pleased to state :

(a) whether Government propose to frame a uniform policy for extending loans to farmers in the country and also bring about a legislation on agricultural debt relief;

(b) whether the banks are charging compound interest on agricultural loans;

(c) whether any assessment has been made about the quantum of agricultural loans recovered from farmers in Orissa so far; and

(d) if so, what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) The instructions issued by the Reserve Bank of India (RBI) to the banks from time to time for extending loans to farmers are uniform for the entire country. A proposal to set up a National Agricultural Credit Relief Fund is under examination.

(b) According to existing instructions of RBI, interest on current dues is not compounded. When crop loans or instalments under term loans become overdue, banks have been permitted to add interest outstanding to the principal and compound interest. However, the total interest debited to an account should not exceed the principal amount in respect of short-term loans to small and marginal farmers.

(c) and (d). RBI has reported that data are collected about the recovery of direct agricultural advances as at the end of June every year on an all-India basis, including Orissa.

The recovery of direct agricultural advances as at the end of June 1987 (latest available) in respect of scheduled commercial banks for the State of Orissa is as under :—

Demand (Rs. in crores)	Recovery (Rs. in crores)	Percentage of recovery to demand
104.43	55.13	52.79

RBI financial assistance to Andhra Pradesh for Road Development and Bridge Construction Corporation

2997. SHRI PRABHAKAR RAO KALVALA : Will the Minister of FINANCE be pleased to state :

(a) whether the Andhra Pradesh Government approached the Reserve Bank of India for financial assistance and other formalities for their Roads Development and Bridge Construction Corporation; and

(b) if so, what are the details thereof and what action has been taken by the Reserve Bank of India thereon ?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO) : (a) and (b). Reserve Bank of India (RBI) has reported that the Government of Andhra Pradesh approached the RBI in December, 1986 for permitting banks to finance Andhra Pradesh Road Development and Bridge Construction Corporation and the State Government was informed in February, 1987 that construction of roads and bridges and other kinds of infrastructural facilities were the legitimate function of the Government as part of their developmental activities and funds therefor should normally come out of their resources. Commercial banks can grant working capital finance to companies/individuals who enter into contract to undertake such construction.

Koyna Dam

2998. SHRI SHANKER SINH VAGHELA : Will the Minister of WATER RESOURCES be pleased to state :

(a) whether it is a fact that the ground surface of Koyna Dam in Maharashtra